

REFUNDS UNDER RENEGOTIATION ACT

PURPOSE OF THE APPROPRIATION

Appropriations under this head financed payment of claims for rebates, or refunds including interest, found to be payable to World War II contractors under Title VII of the Revenue Act of 1943, as amended (50 U.S.C. App. 1191), and the Renegotiation Acts of 1948 (50 U.S.C. App. 1193) and 1951, as amended (50 U.S.C. App. 1231). Appropriations were available until expended, but were available for such payments only, and could not be used for expenses of processing claims.

AUTHORITY FOR THE PROGRAM

The program was authorized by section 201(f) of the Renegotiation Act of 1951, P.L. 82-9 (50 U.S.C. App. 1231(f)); necessary appropriations were authorized under section 112 of that same Act.

HISTORY OF THE PROGRAM

During World War II, the Government entered into a number of contracts for war materials where expansions of plant and equipment were to be amortized over a period of years. Claims arose when the War terminated before the end of the amortization periods. Renegotiation of contracts involved adjustment for overcollection of excess profits, if any, the amortization plan, and contingent tax liabilities. Refund claims arose from contractors who paid adjustments for excess profits, but who disputed the amounts.

Although a few rebate payments were made by the Treasury Department as early as 1946, the current program was started by that Department in 1948. At the close of 1949, the processing of claims and payments had become a function of the Bureau of Federal Supply, which was transferred to GSA on July 1, 1949. Rebate/refunds functions were subsequently transferred to, and performed by, the Office of the Comptroller.

The last rebate payments were made in 1965, and the last refunds were paid in 1980. The account was closed out, and unobligated balances returned to the Treasury, in 1984.

PERFORMANCE OF THE PROGRAM

This program was executed in the Office of the Comptroller by the Office of Finance, and was accounted for under two budget activities, as described below.

a. Renegotiation Rebates. Claims for renegotiation rebates occurred when excessive profits previously paid to the Government by contractors were later reduced. During World War II, many Government contracts were covered by Certificates of Necessity, which permitted contractors to amortize the cost of special and/or excess facilities needed for the war effort. The amortization period was 5 years or such lesser time as might be determined by an Executive Order declaring an end to the emergency period. Such an Executive Order was issued on September 29, 1945, and all determination of excessive profits made prior to September 30, 1945 (in which amortization was included as a cost under the Internal Revenue Code) were subject to claims for adjustment. In GSA, the claim was processed to determine the gross rebate due the contractor. The Internal Revenue Service was then requested to supply GSA with the amount of Federal tax due to the Government from the claimant. GSA then deducted the tax benefit from the gross amount, and processed payment of the net renegotiation rebate, which concluded the matter.

b. Renegotiation Refunds. Activities of Government contractors were examined by the Renegotiation Board, usually on a fiscal year basis, to determine the amount of excess profits payable to the Government. When there was a disagreement, the Board issued a unilateral determination of the amount; the contractor had the legal right to file, within 90 days, a petition in the U.S. Court of Claims. During litigation, the contractor either put up a bond or paid the full amount, less State and Federal taxes (by law, deposited to miscellaneous receipts of the Treasury). In the latter case, GSA became involved if the Court determined that the contractor was liable for less than the amount paid in response to the Board's unilateral order. Funds in this activity were used to pay the difference to the contractor.

DEVELOPMENT OF APPROPRIATIONS LANGUAGE

The first GSA appropriation for this program was contained in the 1951 Independent Offices Appropriation Act; complex language followed the pattern of previous appropriations to the Treasury Department. When the Renegotiation Act of 1951 amended the Revenue Act of 1943, simpler language was used beginning in 1952. The following shows the language in its final form.

"For refunds under section 201(f) of the Renegotiation Act of 1951, 50 U.S.C. App. 1231(f), \$_____, to remain available until expended."

(The 1955 Supplemental Appropriation Act provided no new funds, but extended the date for expiration of availability for unobligated balances. The 1956 Supplemental Act provided additional amounts, the appropriation language being simply "additional Amount for"; the funds were available until expended, however, setting the stage for the language appearing in the 1959 Supplemental Act)

BUDGETARY HISTORY OF APPROPRIATIONS \$(Thousands)

Fiscal	Estimate	Presidents	House	Senate	-----Appropriations Enacted-----		
Year	To OMB	Allowance	Bill	Bill	Amount	P. L.	Date

(Appropriations to Office of Secretary of the Treasury (for record purposes))

1948	25,000	15,000	7,500	7,500	7,500	80-271	7/30/47
1949	3,250	3,250	2,000	2,000	2,000	80-640	6/14/48
1950	2,000	2,000	1,800	1,800	1,800	81-150	6/30/49
Suppl	5,000	4,500	4,000	4,000	4,000	81-343	10/10/49

APPROPRIATIONS TO GENERAL SERVICES ADMINISTRATION

1950 Suppl	1,200	1,200	1,200	1,200	1,200	81-583	6/29/50
1951	13,000	8,400	7,400	7,400	7,400	81-759	9/6/50
1952	9,250	9,000	8,500	8,500	8,500	82-137	8/31/51
1953	9,300	9,300	9,300	9,300	9,300	82-455	7/5/52
1954	9,000	9,000	9,000	9,000	9,000	83-176	7/31/53
1956 Suppl	4,600	4,600	4,000	4,000	4,000	84-533	5/19/56
1959 Suppl	1,930	1,400	--	1,400	1,400	86-30	5/20/59
1961	900	900	900	900	900	86-626	7/12/60
Suppl	1,600	1,600	1,600	1,600	1,600	87-14	3/31/61
1976 Suppl	1,000	1,000	1,000	1,000	1,000	94-157	12/18/75
1977 Suppl	1,000	1,000	--	1,000	1,000	94-438	9/3/76
1978 Suppl	1,000	1,000	1,000	1,000	1,000	95-355	9/8/78
1980 Suppl	2,500	2,500	--	2,500	2,500	96-304	7/8/80

FUNDS AVAILABLE, OBLIGATIONS, AND OUTLAYS
\$(Thousands)

<u>Fiscal Year</u>	<u>Approp- riations</u>	<u>1/ Other Availability</u>	<u>Total Available</u>	<u>Obligated During Yr</u>	<u>Unoblig Balances</u>	<u>Outlays</u>
<u>(Operations under Renegotiation Rebate Division, Bureau of Federal Supply, Treasury)</u>						
1948	7,500	- 1,312	6,188	1,556	4,632	^{2/} 1,495
	(Adjustment for cancellation of obligations)		- 17			
1949	2,000	--	2,000	2,000	--	2,044
<u>Operations under GSA, Office of the Comptroller</u>						
1950	7,000	264	7,264	7,264	--	6,064
1951	7,400	454	7,854	7,853	1	7,669
	(Adjustment for cancellation of obligations)		- 27			
1952	8,500	199	8,699	7,179	1,520	8,338
1953	9,300	1,790	11,090	4,910	6,181	4,972
	(Payment made from certified claims amount)				135	
1954	9,000	6,239	15,239	10,010	5,229	9,916
1955	--	5,229	5,229	2,668	2,561	2,762
1956	4,000	2,654	6,654	2,377	4,277	2,377
1957	--	4,308	4,308	1,540	2,768	1,540
1958	--	2,786	2,786	1,901	886	1,269
1959	1,400	886	2,286	1,178	1,108	1,810
1960	--	1,108	1,108	543	576	543
1961	2,500	576	3,076	1,699	1,377	1,699
1962	--	1,377	1,377	51	1,326	51

1963	--	1,326	1,326	42	1,284	42
1964	--	1,234	1,234	98	1,136	98
1965	--	1,187	1,187	207	980	207
1966	--	980	980	122	858	122
1967	--	858	858	--	858	--
1968	--	858	858	--	858	--
1969	--	857	857	405	452	405
1970	--	452	452	37	415	37
1971	--	415	415	31	384	31
1972	--	384	384	--	384	--
1973	--	384	384	139	245	139
1974	--	245	245	126	119	126
1975	--	119	119	73	46	73
1976	1,000	46	1,046	810	236	810
Trans Qtr	--	236	236	196	26	196
1977	1,000	39	1,039	695	344	695
1978	1,000	344	1,344	--	1,344	--
1979	--	1,344	1,344	560	784	560
1980	2,500	784	3,284	2,447	837	2,447
1981	--	837	837	--	837	--
1982	--	837	837	--	837	- 1
1983	--	837	837	--	837	- 1

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Other availability is prior year unobligated balances and adjustments.

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Returned to Treasury under annual appropriation. Subsequent appropriations available until expended.

OBLIGATIONS BY BUDGETARY ACTIVITIES
\$(Thousands)

Fiscal Year	REBATE PAYMENTS	-----REFUND PAYMENTS-----			TOTAL OBLIGATION
		Principal	Interest	Total	
1948	1,079	467	10	477	1,556
1949	1,988	8	4	12	2,000
1950	6,905	290	69	359	7,264
1951	7,378	424	51	475	7,853
1952	6,676	418	85	503	7,179
1953	2,581	1,876	453	2,329	4,910
1954	9,721	225	64	289	10,010
1955	2,183	375	110	485	2,668
1956	2,357	17	3	20	2,377

1957	221	1,046	272	1,319	1,540
1958	337	1,237	327	1,564	1,901
1959	209	647	322	969	1,178
1960	308	178	57	235	543
1961	21	1,260	418	1,678	1,699
1962	20	27	4	31	51
1963	42	--	--	--	42
1964	--	98	--	98	98
1965	--	195	12	207	207
1966	--	102	20	122	122
1967	--	--	--	--	--
1968	--	--	--	--	--
1969	--	329	76	405	405
1970	--	--	37	37	37
1971	--	24	7	31	31
1972	--	--	--	--	--
1973	--	131	8	139	139
1974	--	116	10	126	126
1975	--	63	10	73	73
1976	--	649	161	810	810
Trans Qtr	--	148	48	196	196
1977	--	602	93	695	695
1978	--	--	--	--	--
1979	--	414	146	560	560
1980	--	1,699	748	2,447	2,447
1981	--	--	--	--	--
1982	--	--	--	--	--
1983	--	--	--	--	--

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EMPLOYMENT DATA

<u>Fiscal Year</u>	<u>Permanent Positions</u>	<u>Average Employment</u>	<u>Rebate Claims Processed to IRS Number</u>	<u>Per Man Yr</u>
1948	28	26.0	528	20.3
1949	24	21.2	771	36.4
1950	20	18.8	973	51.8
1951	19	17.9	723	40.4
1952	11	10.2	502	49.2
1953	5	4.6	165	35.9
1954	4	3.4	74	21.8
1955	2	2.0	38	19.0
1956	2	2.0	25	12.5

1957	2	2.0	14	7.0
1958	2	2.0	2	1.0
1959	2	2.0	2	1.0
1960	2	2.0	2	1.0
1961	2	1.0	4	4.0
1962	--	.5	--	--
1963	--	.1	--	--
1964	--	.1	--	--

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Provided in context of workload information. No employment was financed directly from this appropriation.

WORKLOAD IN NUMBER OF CLAIMS

Fiscal Year	REBATES						REFUNDS Paid By GSA
	Received During Yr	Cancelled/ Withdrawn	Fwd From Prior Yr	Total During Yr	Processed To I R S	Returned And Paid	
1948	2,052	- 10	--	2,042	528	252	1
1949	589	- 7	1,514	2,096	771	353	1
1950	484	- 39	1,325	1,770	973	897	16
1951	720	- 56	797	1,461	723	886	11
1952	68	- 22	738	784	502	691	11
1953	84	- 15	282	351	165	265	19
1954	1	- 4	186	183	74	130	4
1955	2	- 2	109	109	38	91	11
1956	4	- 2	71	73	25	66	5
1957	3	--	48	51	14	26	15
1958	--	- 1	37	36	2	58	7
1959	--	- 6	34	28	2	42	4
1960	4	<u>1/</u> --	26	30	2	35	4
1961	--	--	28	28	4	10	7
1962	--	--	24	24	--	4	1
1963	--	--	24	24	--	4	--
1964	--	--	24	24	--	3	--
1965	--	--	24	24	--	2	1
1966	--	--	24	24	--	--	1
1967	--	--	24	24	--	--	--
1968	--	--	24	24	--	--	--
1969	--	--	24	24	--	--	1
1970	--	--	24	24	--	--	1
1971	--	--	24	24	--	--	1
1972	--	--	24	24	--	--	--

1973	--	--	24	24	--	--	2
1974	--	--	24	24	--	--	2
1975	--	--	24	24	3	--	2
1976	--	--	24	24	*	--	6
Trans Qtr	--	--	24	24	*	--	1
1977	--	--	24	24	*	--	4
1978	--	--	24	24	*	--	--
1979	--	--	24	24	*	--	2
1980	--	--	24	24	*	--	5
1981	--	--	24	24	*	--	--
1982	--	--	24	24	*	--	--
1983	--	--	24	24	*	--	--

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Reinstated.